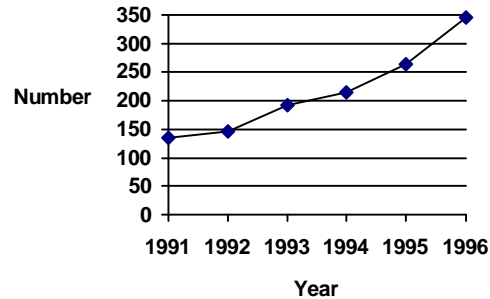


## 1996 HIGHLIGHTS

An analysis of the consolidated financial statements of low-income federally insured credit unions (LICU) for year-end 1996 reveals a vigorous and stable sector of our movement. The following summarizes the most significant trends during 1996:

**Growth** in the number of designated low-income credit unions continues to increase as more credit union become aware of the benefits of the low-income designation. The growth rate for 1996 was 31.6 percent compared to 22.8 percent during 1995.

**GRAPH 1  
LOW-INCOME CREDIT UNIONS**



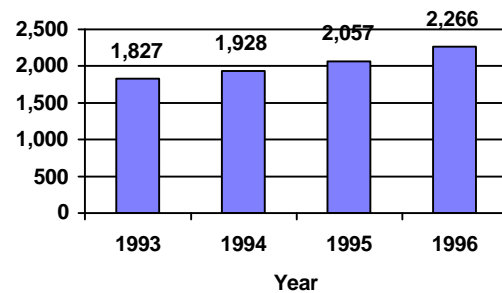
**Capital to assets** ratio continues its upward climb from 11.4 percent at year-end 1995 to 11.7 at the close of 1996. The capital ratio for all federally-insured credit unions as of December 31, 1996, was 11.4 percent.

**Table 1  
Capital Ratios**

<u>Year-end</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Low-income CUs	10.2	10.9	11.4	11.7
All CUs	9.7	10.3	11.0	11.4

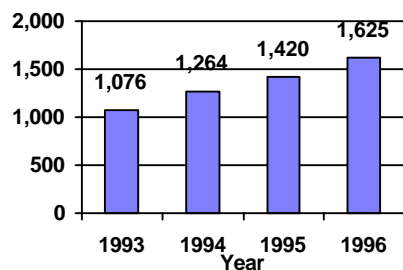
**Assets** increased by 10.1 percent, jumping from \$2.1 billion at year-end 1995 to close at \$2.3 billion at the close of 1996.

**GRAPH 2  
ASSET GROWTH**



Dollars in  
Millions

**GRAPH 3  
TOTAL LOANS**



**Loans** increased \$ 200 million during 1996 representing a growth rate of 14.4 percent. Total loans outstanding for all low-income credit unions grew from \$1.4 billion at year-end 1995 to \$1.6 billion at December 31, 1996. The four year loan trend is illustrated below. Loans for all credit unions grew at a 11.3 percent rate during 1996.

**Shares** expanded by 9.7 percent, growing from 1.8 billion at year-end 1995 to \$2 billion at the close of 1996. The loan-to-share ratio increased from 78.3 percent to 81.6 percent over the same period. The loan-to-share ratio for all federally-insured credit unions at year-end 1996 was 6.1 percent.

**Share Growth Trends  
(\$ Million)**

<u>Year</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<b>Total Savings</b>	<b>\$1,618</b>	<b>\$1,676</b>	<b>\$1,814</b>	<b>\$1,991</b>

**Investments** continue to declined as balance sheets restructure. Investments for all low-income credit unions declined 3.5 percent representing a drop from \$ 493 million at year-end 1995 to \$ 476 million at the close of 1996. This compares to a decline of 2.3 percent for all federally insured credit unions at the close of 1996.

**Profitability** has stabilized at 1.2 percent return on assets no change from year-end 1995. Gross income increased from 9.1 percent at year-end 1995 to 9.4 percent for year-end 1996 while operating expenses remained constant for the second consecutive year at 48.6 percent, and the cost of funds had no change from 1995 remaining constant at 3.2 percent of average assets for year-end 1996.

**Delinquency** edged slightly higher, and is now 2.2 percent, up from 2.0 percent at yearend 1995.

**Membership** growth continues at a favorable pace expanding at 6.5 percent for 1996 up from 5.4 percent for 1995.

**Community Development Revolving Loan Program (CDRLP)** received an additional \$1 million in funding from OMB October 1996, raising its assets to \$7.8 million. The CDRLP administers two funds – a Loan Fund and a Technical Assistance Fund. During 1996, the CDRLP ‘Loan Fund’ approved 21 loans for \$3 million. During this same period the CDRLP ‘Technical Assistance Fund’ granted 78 technical assistance grants for \$151,746 to 69 low-income credit unions. The table highlights the activity in the CDRLP.

**COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM**  
**STATISTICS**

	NUMBER	DOLLAR AMOUNT	NUMBER OF CREDIT UNIONS
<b><u>LOAN FUND</u></b>			
Outstanding Loans	70	\$6,284,445	57
Loans Granted Since 1987	112	\$14,102,500	79
Loans granted year-to-date	21	\$2,980,000	20
Loan applications pending	6	\$1,390,000	6
Loans denied year-to-date	1	\$200,000	1
Loan losses since 1987	1	\$58,377	1
Recovery on loan losses since 1987	1	\$25,659	1
<b><u>Technical Assistance Fund</u></b>			
Granted since 1992	212	\$511,438	N/A
Disbursed year-to-date	74	\$107,588	63
Grant balance outstanding	24	\$62,585	24
Grants denied year-to-date	17	\$229,214	17